

Message Text

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ORIGIN XMB-07

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TO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

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E.O. 11652: N/A

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SUBJECT: PRESS RELEASE ON EXIMBANK CREDITS TO SCANDINAVIAN
AIRLINES SYSTEM

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 20,760,000 AND OF ANOTHER CREDIT OF
DOLS 6 MILLION TO SCANDINAVIAN AIRLINES SYSTEM (SAS). RELEASE
IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR
A.M. PAPERS, FRIDAY, AUGUST 30, 1974.

QUOTE: EXIMBANK HELPS FINANCE \$86.5 MILLION SALE OF
U.S. JET AIRCRAFT WITH \$20,760,000 CREDIT TO
SCANDINAVIAN AIRLINES SYSTEM

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TO HELP FINANCE AN \$86,5 MILLION SALE OF THREE DC-10-30

WIDE BODY JET AIRCRAFT WITH RELATED GOODS AND SERVICES TO SCANDINAVIAN AIRLINES SYSTEM (SAS), THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$20,760,000 TO FINANCE 24 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. ADDITIONAL FINANCING OF \$49,737,500 OR 57.5 PERCENT OF THE TOTAL U.S. COSTS WILL BE PROVIDED BY U.S. SUPPLIERS AND OTHER COMMERCIAL LENDERS OF WHICH \$9,457,333 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. SAS, THE MAJOR AIRLINE OF SWEDEN, DENMARK, AND NORWAY, WILL MAKE CASH PAYMENT OF THE BALANCE OF 18.5 PERCENT OR \$16,002,500.

THE LOANS ARE TO BE REPAID IN THREE SCHEDULES OF 20 SEMI-ANNUAL INSTALLMENTS EACH BEGINNING MAY 20, 1976, MAY 20, 1977, AND FEBRUARY 20, 1978, RESPECTIVELY. EXIMBANK'S DIRECT CREDIT OF \$20,760,000 WILL BE REPAID OUT OF THE LAST 14 INSTALLMENTS OF EACH SCHEDULE AT AN INTEREST RATE OF 6 PERCENT ON \$19,296,000 AND 7 PERCENT PER ANNUM ON THE BALANCE OF \$1,464,000, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT EXTENDED FROM OTHER LENDERS RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER OF ABOUT 7.78 PERCENT TO 8.03 PERCENT PER ANNUM.

EXIMBANK HAS ALSO AUTHORIZED A DIRECT CREDIT OF \$6 MILLION TO FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS OF \$20 MILLION FOR OTHER AIRCRAFT, SPARE ENGINES, SPARE PARTS, EQUIPMENT AND SERVICES TO BE PURCHASED BY SAS. THE BALANCE OF \$14 MILLION OR 70 PERCENT OF THE U.S. COSTS WILL BE PROVIDED FROM OTHER SOURCES.

EXIMBANK'S DIRECT CREDIT OF \$6 MILLION IS TO BE REPAID IN 20 SEMI-ANNUAL INSTALLMENTS BEGINNING NO LATER THAN MAY 20, 1977, WITH INTEREST AT THE RATE OF 6 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE FUNDS FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED COST TO THE BORROWER OF ABOUT 10.06 PERCENT TO 10.31 PERCENT PER ANNUM.

U.S. SUPPLIERS UNDER THESE AUTHORIZATIONS ARE MCDONNELL DOUGLAS CORPORATION OF LONG BEACH, CALIFORNIA, AND GENERAL ELECTRIC COMPANY OF NEW YORK. UNQUOTE KISSINGER
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